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U.S. Checks Reported France-Iran Deal

Although our European allies appear to be supporting economic sanctions against Iran, the State Department and the CIA are checking into disturbing evidence that France may have worked out its own behind-the-scenes deal with Ayatollah Ruhollah Khomeini that would crack the united front wide open.

Specifically, intelligence experts are trying to verify a report that the French have agreed to supply the revolutionary regime secretly with military and economic aid in return for Iranian oil.

A spokesman for the French Embassy categorically denied any such diplomatic stab-in-the-back. But reports to that effect have been persisting since last November, when the secret deal was supposedly made.

"It's a delicate thing," a State Department source explained. "It's not the kind of thing you can launch a formal investigation over without offending the French."

The Franco-Iranian agreement supposedly was signed Nov. 21 — more than two weeks after the U.S. hostages were seized in Tehran — and is supposed to run for five years. It reportedly became effective on signature, without further ratification by either party.

Although rumors of the alleged agreement have been rife in diplomatic circles since December, it first appeared in print last January in the International Currency Review, a small, restricted London newsletter with excellent contacts in the Middle East.

"ICR is very authoritative," a CIA source told my associate Dale Van Atta.

ICR's editor, Christopher Story, described the January article as "very solid." Here's what it had to say:

- "Under the agreement, France undertook to make good any shortfall in military supplies brought about by the United States' reaction in halting deliveries of spare parts and urgently needed equipment for the armed forces, and for the Iranian Oil Ministry."

- "The French undertook to . . . deploy men and supplies to reorganize the Iranian air force, army and navy . . . [and] to double the current total of French 'specialists' serving in Iran immediately . . . from just under 2,000 officers and men to about 4,000."

- The French also agreed to provide consumer goods and food in the event of "unofficial" sanctions by the United States. A source explained that "unofficial" meant sanctions outside the United Nations.

- "The credits involved were extended with a grace period up to 1986. The rate of interest . . . was set at a ridiculously low 3.5 percent."

- In return, "Iran agreed to supply France with 20 million tons of crude oil [equivalent to 400,000 barrels per day] with effect from January, 1980," the newsletter reported. "This is about double the amount imported by France from Iran in 1978, and three times the volume . . . in 1979." The French got "an exceptionally favorable price."

An intelligence source said the agreement may have been dropped by the French, but added: "If we find out the report is true — even if the treaty is now off — the idea of an ally doing that to us is horrendous."